
DATE: February 11, 2010

REPORT TITLE: **UPDATE ON INFRASTRUCTURE STIMULUS FUND (ISF) PROGRAM**

FROM: Norma Trim, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

That additional funding for projects in the Infrastructure Stimulus Fund (ISF) program to ensure that the Region achieves the program objectives and best value for the ISF investment, be approved as follows:

- ISF Project 09-2901S - Intermodal Sewage Pumping Station Pump Replacement in the amount of \$1,450,000 to be financed from Capital Financing Stabilization Reserve (CFSR), R0242 – Wastewater;
- ISF Project 09-2205S - Clarkway Drive Trunk Sewer in the amount of \$2,261,751 to be financed from the Development Charges (DC) Reserve Fund, R3525 - Regional Wastewater;
- ISF Project 09-2210S - McVean Drive Trunk Sewer in the amount of \$3,514,225 to be financed from the DC Reserve Fund, R3525 - Regional Wastewater;
- ISF Project 09-1396S - Palgrave-Caledon East Watermain Interconnection in the amount of \$1,125,410 to be financed from Water CFSR, R0241;
- ISF Project 09-5172S – Peel Heritage Centre Expansion and Revitalisation in the amount of \$1,373,480 to be financed from the General Government CFSR, R0230.

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UPDATE ON INFRASTRUCTURE STIMULUS FUND (ISF) PROGRAM**REPORT HIGHLIGHTS**

- Peel's 26 ISF projects are progressing rapidly and on track for completion by the March 31, 2011 deadline.
- Five projects require a total of \$9,724,866 additional funding for completion and staff has identified funding for these projects.
- Two projects are likely to have funding remaining after completion.
- Staff concerns about the Heritage Centre project being completed by March 31, 2011 have been addressed in the construction tender which seeks a 7 day work week with 24 hours work day.
- Five projects are completed, mostly transportation projects.
- An additional 11 projects are scheduled for completion by December 31, 2010.
- ISF expenditure to December 31, 2009 was \$21,335,491 and a claim for refund is currently in process based on this expenditure.
- Staff received some queries from Provincial ministries about interest in a tour and photo opportunity of ISF projects.

DISCUSSION**1. Background**

On January 27, 2009, the Honourable Jim Flaherty, Federal Minister of Finance presented the Government's Budget for the 2009/10 fiscal year which announced a \$4 billion federal ISF, for which applications were due by May 1, 2009. The Region submitted applications for 27 projects. On June 5, 2009 it was announced that the Region of Peel was awarded \$98.592 million for 26 of the 27 ISF applications consisting of \$49.296 million in federal ISF funding and \$49.296 million in provincial ISF funding.

Regional funding requirements were identified in the amount of \$50.715 million. Of that, \$42.132 million had already been recognized within the Regional 10 Year (2009 to 2018) Capital Plan. However, there was additional funding required in the amount of \$8.584 million that had not been recognized within the 10 Year Capital Plan. All projects within the ISF Program assist to advance the Region of Peel 10 Year Capital Plan and the Regional Strategic Plan. Of the 26 projects approved, only eight were not in the 10 Year Capital Plan. Therefore the ISF Program will provide significant benefit to Peel residents and businesses.

Region Council was provided its first ISF progress update report on December 3, 2009, which identified approved Peel Region ISF projects and confirmed details about the ISF Agreement.

2. Projects' Monitoring

The 26 projects in the Region's ISF program are progressing rapidly. Appendix I provides a summary of the projects' status.

- a) **Project Budget** - The ISF Program does not entitle and has no provision for additional funding to projects for completion. Further, the program does not allow for the transfer of financial assistance between projects without the expressed written consent of the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA).

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As at January 31, 2010 five projects required additional funds totalling \$9,724,866 for completion. This additional funding represents 6.5 percent of the \$149,307,496 original program approved by Council.

The projects requiring additional funding, the related justification and identified funding sources are as follows:

i) Enhancements to Intermodal Sewage Pumping Station \$1,450,000

A condition assessment completed during detailed design concluded that the existing piping and valves required replacement and in addition a comminutor (solids breakdown equipment) should be installed to replace the existing screen baskets. Further analysis determined that it would be most cost effective for the Region to complete all necessary work in the wet well during one by-pass pumping operation, rather than having to do this again.

Staff recommends that the additional funding be obtained from Wastewater CFSR - R0242.

ii) Clarkway Drive Trunk Sewer \$2,261,751

During detailed design it was determined that the sanitary sewer must be constructed at a lower depth than originally programmed. This was to cross under existing creeks and to ensure that the required development drainage area could be serviced.

Staff recommends that funding be provided from the DC Reserve Fund, R3525, Regional Wastewater, since this is where the project was originally financed from and where the Regional match funding portion to the ISF program is financed from.

iii) McVean Drive Trunk Sewer \$3,514,225

This project is similar to the Clarkway Drive Trunk Sewer item (ii) above in scope, design and funding. The geographical location is the only difference. Staff recommendation is as in item (ii) above.

iv) Palgrave-Caledon East Watermain Interconnection \$1,125,410

There was an increase in the complexity of construction of the Watermain due to environmental mitigation measures required. Thus, all tenders for this project were above the estimated budget.

Staff recommends that the additional amount be financed from the Water CFSR - R0241.

v) Peel Heritage Centre Expansion and Revitalization \$1,373,480

The cost information available at the time this project was submitted for ISF funding was very limited, since the overall project concept was in its final stages then. After four months of detailed project design, detailed construction drawings are now completed based on which the cost consultants have completed their recent estimates.

There is also a need for construction to be completed within a relatively short time frame, requiring fast paced construction works and permission for 7 day work week and 24 daily work hours, resulting in increased construction costs. The tender award will also include conditions for Liquidated Damages in event of delayed completion.

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It is expected that bids for this project will include a premium to offset all these factors.

Staff recommends that the additional amount be financed from the General Government CFSR - R0230. It should be noted that this project was not in the 10 Year Capital Plan when the ISF program was approved.

It is recommended that Council approve these changes to ensure the Region's objectives in the ISF Program are achieved and that the Region receive best value for its investments. Staff also notes that several projects not tendered as yet may require additional funding which will be reported to Council in future ISF reports.

As of January 31, 2010 two projects have indicated that a total of \$3,952,530 was likely to be available after the projects were completed. These are (1) Port Credit Trunk Sewer and Forcemain (\$1,832,800) and; (2) Palgrave-Caledon East Interconnection (\$2,119,730). These resources cannot be reallocated to other projects as per ISF program guidelines and represent a net loss to Peel of two thirds the total amount or \$2,635,020.

Regional staff will monitor any further developments pertaining to the ISF Agreement and explore opportunities to advocate for the reallocation of any unspent funds to further maximize ISF benefits within Peel.

- b) **Project Start Date** - All projects are currently scheduled to start construction before or within 60 days of their proposed start date. Nineteen projects have started construction and the remaining six projects are expected to start construction by March 31, 2010 at the latest. All projects yet to start construction are either in the final stages of design or tendering.
- c) **Project Completion Date** - All projects must be completed by March 31, 2011. Project completion is determined by "Substantially Completed" in *Subsection 2(1) of the Construction Lien Act, R.S.O. 1990, c. C.30*.

As at January 31, 2010 five projects were completed and a further eleven projects are scheduled for completion by December 31, 2010. No project was scheduled to be completed after the March 31, 2011 deadline. The Peel Heritage Centre project was identified as having the highest risk of not being completed by the March 31, 2011 deadline. However, Regional staff have taken actions to mitigate these risks. These include seeking permission for 7 day construction work week and 24 hours daily work at the construction site, with these conditions being included in tender documents.

- d) **Project Expenditure** - As of December 31, 2009 the total expenditure on ISF Projects was \$21,335,491 and, we estimate about 90 per cent of this is eligible expenditures under the program guidelines. The Region received advance payment from the federal and provincial governments in November 2009 totalling \$11,790,777.

3. Program Management Update

a) ISF Claims For Refund

A claim for refund of eligible expenditure, based on expenditure to December 31, 2009, is in process. Once all expenditures are fully analyzed for eligibility, and after accounting for the advance grant payments received in November of \$11,790,777; staff expects the claim (i.e. reimbursement) to be about \$8 million.

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b) Tours and Photo Opportunity

Staff has received some queries from federal and provincial ministries about interest in a tour and/or photo opportunity of ISF projects in Peel Region. It seems likely that during spring – summer period there could be a renewed request for this and staff will be prepared to facilitate such visits.

FINANCIAL IMPLICATIONS

The Region has been approved for \$98.592 million in federal and provincial ISF grants. When the additional \$9.725 million funding is approved, and making adjustments for funding not required, the Region’s contribution to the ISF program will increase from \$50.715 million to \$59.123 million, as shown in appendix I.

The following table summarizes the additional funding requested by project as well as the sources for the additional funding.

Project	Original Budget	New Budget	Difference	Source for Additional Funding	Amount
	\$	\$	\$		\$
Clarkway Drive Trunk Sewer	4,738,249	7,000,000	2,261,751	DC R3525	-2,261,751
McVean Drive Trunk Sewer	4,485,775	8,000,000	3,514,225	DC R3525	-3,514,225
Intermodal Sewage Pumping Station Pump Replacement	550,000	2,000,000	1,450,000	Wastewater CFSR (R0242)	-1,450,000
Palgrave-Caledon E Watermain Interconnection	4,184,590	5,310,000	1,125,410	Water CFSR (R0241) General Government	-1,125,410
Peel Heritage Centre	10,000,000	11,373,480	1,373,480	CFSR (R0230)	-1,373,480
	23,958,614	33,683,480	9,724,866		-9,724,866

CONCLUSION

The Infrastructure Stimulus Fund offers an opportunity for significant investment and job creation to occur in the Region of Peel while at the same time allowing for the development of new or retrofit of existing public infrastructure.

It is recommended that the additional resources recommended in this report be approved to ensure the program objectives are achieved and the Region receives best value for its investment. Staff will continue to provide Council with updates on the progress and other issues related to the ISF program in supplemental reports.

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Norma Trim
Chief Financial Officer
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Approved for Submission:



D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact Dave Bingham at extension 4292 or via email at dave.bingham@peelregion.ca

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c. Legislative Services

APPENDIX 1

Infrastructure Stimulus Funding (ISF) Status Update

Peel Project ID	Project Name	Construction Start Date	Construction Completion Date	Project Budget				Expenditure to 31-12-2010	Revised Financing					
				Total Project Budget (Original)	Total Project Budget (Updated Jan 2010)	Additions to Project Budget	Reductions to Project Budget		Total External Funding	Peel Utility	Peel Tax	Peel DC	Total Peel	Total Financing
				\$	\$	\$	\$	\$				\$	\$	
Transportation														
09-4691S	10-4630 Airport - Steeles to Queen;	17-Aug-09	Completed	3,327,000	3,327,000	-	-	2,197,836	2,218,000	-	1,109,000	-	1,109,000	3,327,000
09-4692S	10-4680 Dixie - 401 to Derry;	31-Aug-09	1-Aug-10	6,723,000	6,723,000	-	-	2,677,675	4,482,000	-	2,241,000	-	2,241,000	6,723,000
09-4693S	10-4690 Cawthra - Lakeshore to N. Service Rd.	31-Aug-09	Completed	3,031,000	911,270	-	-2,119,730	911,270	607,514	-	303,756	-	303,756	911,270
09-4694S	Hwy. 50 - Countryside to Coleraine	17-Aug-09	Completed	1,204,580	1,204,580	-	-	1,200,626	803,054	-	401,526	-	401,526	1,204,580
09-4695S	King Street - Creditview Road to Mississauga Road	17-Aug-09	Completed	429,390	429,390	-	-	384,587	286,260	-	143,130	-	143,130	429,390
09-4696S	Mayfield Road - McLaughlin Road to Mississauga Road	11-Aug-09	14-Nov-10	900,000	900,000	-	-	893,258	600,000	-	300,000	-	300,000	900,000
09-4697S	Forks of the Credit River - Hurontario Street to approximately 6 km westerly - includes drainage improvements	17-Aug-09	1-Nov-10	3,900,000	3,900,000	-	-	1,619,150	2,600,000	-	1,300,000	-	1,300,000	3,900,000
				19,514,970	17,395,240	-	-2,119,730	9,884,403	11,596,828		1,300,000		5,798,412	17,395,240
Water														
09-1980S	Meadowvale North Pumping Station Expansion	30-Nov-09	1-Mar-11	7,467,000	7,467,000	-	-	473,739	4,978,000	-	-	2,489,000	2,489,000	7,467,000
09-1981S	Silverthorn Pumping Station Improvements & Upgrades	30-Dec-09	30-Jan-11	3,271,000	3,271,000	-	-	312,249	2,180,666	1,090,334	-	-	1,090,334	3,271,000
09-1912S	Replacement of Roof Membrane at Beckett Sproule Reservoir	1-Dec-09	30-Jul-10	1,500,000	1,500,000	-	-	99,155	1,000,000	500,000	-	-	500,000	1,500,000
09-1913S	Reservoir Rehabilitation - East Brampton Cells 1&2	-	Completed	1,000,000	1,000,000	-	-	6,754	666,666	333,334	-	-	333,334	1,000,000
09-1914S	Reservoir Rehabilitation - East Brampton Cells 3&4	1-Dec-09	1-Apr-10	1,200,000	1,200,000	-	-	1,744	800,000	400,000	-	-	400,000	1,200,000
09-1915S	Reservoir Rehabilitation Project - Silverthorn Reservoir	4-Jan-10	30-Aug-10	1,500,000	1,500,000	-	-	40,831	1,000,000	500,000	-	-	500,000	1,500,000
Distribution System - Rehabilitation and Upgrades														
09-1396S	Palgrave-Caledon East Interconnection	1-Dec-09	30-Nov-10	4,184,590	5,310,000	1,125,410	-	177,920	2,789,726	2,520,274	-	-	2,520,274	5,310,000
09-1346S	Repair and Replacement of Watermains- Mississauga	31-Oct-09	31-Mar-11	36,786,050	36,786,050	-	-	6,132,896	24,524,032	12,262,018	-	-	12,262,018	36,786,050
09-1375S	Repair and Replacement of Watermains- Brampton	31-Oct-09	31-Mar-11	25,129,762	25,129,762	-	-	2,951,765	16,753,174	8,376,588	-	-	8,376,588	25,129,762
09-1397S	Water Servicing for Campbell's Cross and Victoria	31-Oct-09	31-Mar-11	5,151,300	5,151,300	-	-	197,976	3,434,200	1,717,100	-	-	1,717,100	5,151,300
				87,189,702	88,315,112	1,125,410	-	10,397,030	58,126,464	27,699,648	0	2,489,000	30,188,648	88,315,112
Wastewater														
09-2406S	Port Credit Trunk Sewer and Forcemain	8-Feb-10	31-Dec-10	8,832,800	7,000,000	-	-1,832,800	181,006	4,666,665	1,750,002	-	583,333	2,333,335	7,000,000
09-2901S	Intermodal Sewage Pumping Station Pump Replacement	22-Feb-10	31-Dec-10	550,000	2,000,000	1,450,000	-	62,754	366,667	1,633,333	-	-	1,633,333	2,000,000
09-2205S	Clarkway Drive Trunk Sewer	22-Feb-10	31-Dec-10	4,738,249	7,000,000	2,261,751	-	15,952	3,158,833	-	-	3,841,167	7,000,000	
09-2210S	McVean Drive Trunk Sewer	9-Dec-09	31-Dec-10	4,485,775	8,000,000	3,514,225	-	178,347	2,990,517	-	-	5,009,483	8,000,000	
09-2902S	Lionhead Pumping Station Decommissioning and Gravity Sewer Connection	8-Feb-10	31-Mar-11	1,500,000	1,500,000	-	-	3,174	1,000,000	500,000	-	-	500,000	1,500,000
				20,106,824	25,500,000	7,225,976	-1,832,800	461,233	12,182,682	3,883,335	0	9,433,983	13,317,318	25,500,000
Operations Support														
09-9060S	Major Repairs and Rehabilitation works to Municipal Facilities at Copper Rd.	1-Sep-09	31-Mar-11	1,596,000	1,596,000	-	-	23,751	851,200	-	744,800	-	744,800	1,596,000
Police														
09-8340S	New Police - Fleet Garage and Inventory Stores Facility	6-Oct-09	28-Feb-11	10,000,000	10,000,000	-	-	114,752	6,000,000	-	-	4,000,000	4,000,000	10,000,000
Health														
09-7816S	Mailton Paramedic Satellite Station (S10)	1-Mar-10	31-Mar-11	900,000	900,000	-	-	-	533,332	-	359,131	7,537	366,668	900,000
Heritage														
09-5172S	Peel Heritage Centre	15-Oct-09	31-Mar-11	10,000,000	11,373,480	1,373,480	-	454,322	6,666,667	-	4,706,813	-	4,706,813	11,373,480
TOTAL				149,307,496	155,079,832	9,724,866	-3,952,530	21,335,491	95,957,173	31,582,983	5,810,744	15,930,520	59,122,659	155,079,832

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